

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Removal of Return Receipt For
Merchandise Service From The Mail
Classification Schedule

Docket No. MC2015-8

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE REQUEST TO REMOVE
RETURN RECEIPT FOR MERCHANDISE SERVICE
FROM THE MAIL CLASSIFICATION SCHEDULE

(December 11, 2015)

The Public Representative hereby provides comments pursuant to Order No. 2254.¹ In that order, the Commission established a docket to receive comments from interested persons on the Postal Service's request to remove Return Receipt for Merchandise from the Mail Classification Schedule by modifying the description of the Ancillary Services product.²

BACKGROUND

Return Receipt for Merchandise provides retail and commercial mailers with the ability to obtain a mailing receipt and a return receipt postcard (with the recipient's signature and date of delivery) for packages containing merchandise. Request at 2. The service does not provide the purchaser with the ability to track purchases online. The Postal Service maintains that given the availability of alternative Ancillary Services that provide "overlapping and improved features", including online tracking, Return Receipt for Merchandise Service has become "outmoded". *Id.* It asserts that removal of this service "would improve customer service satisfaction by requiring customers to

¹ Order No. 2254, Notice and Order Concerning Removal of Return Receipt for Merchandise Service from the Mail Classification Schedule, November 19, 2014 (Notice). The Commission subsequently extended the comment deadline in Order No. 2270, Order Extending Deadline for Comments, December 4, 2014.

² Request of the United States Postal Service To Remove Return Receipt Service from the Mail Classification Schedule, November 17, 2014 (Request).

adopt alternative services that provide overlapping and improved features (including online tracking).” *Id.* at 3.

COMMENTS

Upon review of the Postal Service’s Request, supporting justification and its responses to CHIR No. 1³, the Public Representative recommends that the Commission deny the Request as filed. If approved, the Request would not only amount to a price increase for the current users of the service and would leave some users with no comparable alternative service. The Postal Service has neither followed the proper procedures for informing the public of a rate adjustment as required by the Commission’s rules nor alleged sufficient benefits from the removal of the service to outweigh potential harm to mailers.

The proposed change harms current users.

The discontinuance of Return Receipt for Merchandise service forces mailers who currently use the service to choose between higher prices or lesser service. The Postal Service asserts that mailers currently using Return Receipt for Merchandise service have two alternatives, Signature Confirmation or Certified Mail (Return Receipt Requested), both of which offer improved features. Request, Attachment B at 3. For example, customers purchasing Signature Confirmation Service receive evidence of mailing, the date of delivery, an electronic scan of the customer’s signature, and the ability to track the shipment online—but do not receive a physical confirmation of delivery. Signature Confirmation Service is offered at a significantly lower price than Return Receipt for Merchandise service. *Id.* Alternatively, Return Receipt for Merchandise service customers who wish to continue receiving physical return receipt postcards can do so by purchasing Certified Mail and Return Receipt Services, although this combination costs more than Return Receipt for Merchandise service. *Id.* Although the Postal Service asserts the change will improve customer satisfaction, the Public

³ Response of the United States Postal Service to Chairman’s Information Request No. 1, December 10, 2014 (Response).

Representative believes the choice between higher prices or lesser service will have negative impacts on customers.

The Postal Service states that it “began actively migrating Return Receipt for Merchandise customers to Signature Confirmation in FY 2012.” Request, Attachment B at 3, n 2. It then cites the “precipitous” volume and revenue declines for this service as evidence the product is “outmoded”. *Id.* at 2. Taken together, these statements indicate that the Postal Service itself orchestrated the declines in volume and revenue for Return Receipt for Merchandise. The fact that not all customers have migrated to the Signature Confirmation service despite the Postal Service’s push for such migration suggests that a segment of mailers do not view online tracking as a value-added service, either because they do not have broadband access or because they prefer to have a physical return receipt postcard in their records. If the Commission approves the Request, these customers will only be able to receive a physical return receipt postcard by paying the higher prices for Certified Mail and Return Receipt services.

In addition, some customers will have no alternative means to get a physical confirmation, as Certified Mail service is only available with First-Class Mail, First-Class Package Service, and Priority Mail. Although the Postal Service asserts that these products represent the majority of the parcels sent with Return Receipt for Merchandise service, it does not quantify the number of customers that may be left with no alternative for obtaining a physical return receipt. Instead, the Postal Service simply asserts that “it does not anticipate that a significant number of Return Receipt for Merchandise customers will be inconvenienced by the inability to receive a return receipt postcard after the elimination of this service.” Request, Attachment B at 3, n 3.

Although simplifying product offerings is a worthy goal, the Public Representative urges the Commission to consider whether this goal outweighs a rate increase for a subset of postal customers (39 U.S.C. 3622(c)(3)) and consider that some mailers may be left without an alternative for physical return receipt delivery (39 U.S.C. 3622(c)(4)).

The Request is a rate adjustment and must be filed in accordance with the Commission's regulations.

In this proceeding, the discontinuance of Return Receipt for Merchandise service is a rate adjustment because the current rates for Return Receipt for Merchandise will no longer be available if the change is approved.⁴ The Postal Service's Response confirms that removing Return Receipt for Merchandise constitutes a rate change for current users. A rate adjustment must comply with the requirements set forth in 39 C.F.R. 3010.11, including establishing a separate docket and allowing a period of 20 days for public comment. Although it appears that the Postal Service has the price cap room to make this rate adjustment, such a change cannot be made in a response to a Chairman's Information Request. Further, it is unclear from the Response whether the Postal Service wants to use its price cap room to remove Return Receipt for Merchandise.

For the sake of transparency, the Public Representative recommends that the Commission deny the Request and order the Postal Service to refile it in a rate adjustment docket, allowing the public an adequate opportunity to review and comment. This recommendation is consistent with prior Commission orders where the Commission denied proposed minor classification changes when it became apparent that the proposal constituted a rate change. In Docket No. MC2013-30, the Postal requested to clarify MCS language by amending the price table for Single-Piece Residual Machinable Letters. There, the Commission denied the request, finding "[w]hen, as in this docket, a proposal seeks to change a rate on a select group of mailers, a minor classification change request is not the appropriate vehicle to make such a change."⁵ The Commission should make a similar finding in this proceeding.

⁴ The change proposed here is similar to the change proposed in Docket No. R2013-10. In Docket No. R2013-10, the Commission found, in part, that the Postal Service's proposal to require Full Service IMb resulted in the deletion rate cells because non-Full Service IMb automation rates were no longer available and directed the Postal Service to account for the price cap implications of the requirements. Docket No. R2013-10, Order No. 1890, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, November 21, 2013, at 14, 31-33.

⁵ Order No. 1661, Docket No. MC2013-30, February 15, 2013.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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